

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSSB 74(FIN)
Fiscal Note Number:	36
(S) Publish Date:	3/9/2016

Identifier: SB074CS(FIN)-DHSS-SDSA-3-8-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Rules

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Senior and Disabilities Services Administration
OMB Component Number: 2663

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	97.3		318.3	318.3	318.3	318.3	318.3
Travel	2.3		6.9	6.9	6.9	6.9	6.9
Services	186.8		408.6	325.9	10.5	10.5	10.5
Commodities	2.5		7.5	7.5	7.5	7.5	7.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	288.9	0.0	741.3	658.6	343.2	343.2	343.2

Fund Source (Operating Only)

1002 Fed Rcpts	217.8		444.0	402.6	171.6	171.6	171.6
1003 G/F Match	71.1		297.3	256.0	171.6	171.6	171.6
Total	288.9	0.0	741.3	658.6	343.2	343.2	343.2

Positions

Full-time	1.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17

Why this fiscal note differs from previous version:

Updates personal services costs, allocates costs for assessments in FY2018 and FY2019 and corrects fund source for CS SB 74, version U.

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Agency:	Health and Social Services

Phone: (907)269-2083
Date: 03/05/2016 08:00 AM
Date: 03/08/16

REPORTED OUT OF
SFC 03/08/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

CSSB74(FIN) authorizes DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 28, p.25 lines 27-29 charge the Department with "reducing the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community-based services waiver."

Section 30, p. 29, lines 10-13, subsections (d) (1) and (2) of the bill more specifically directs the State to apply to the Centers for Medicare and Medicaid Services (CMS) to develop two new Medicaid funding authorities, the 1915(i) and 1915(k) State Plan options. Under these new authorities the state will realize savings in the provision of home and community-based services (HCBS).

Services under these new funding authorities will reduce general fund expenditures by replacing 100% general fund services with 50% fed / 50% GF match (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2018 and FY2019, the department anticipates new costs associated with initial eligibility assessments of individuals previously served through the general fund grant programs or services. The estimated number of new assessments = 1,539. Cost per assessment = \$225.41 (not including travel). Assessments for 953 recipients transitioning from Community Developmental Disabilities Grant total \$214.8 in FY2018, at 50% fed / 50% GF match. Assessments for 586 recipients transitioning from Senior Community Based Grants and General Relief /Temporary Assistance total \$132.1 in FY2019, at 50% fed / 50% GF match. Total estimated cost (FY2018 and FY2019) to manage the 1,539 initial eligibility assessments = \$346.9.

In FY2017, FY2018 and FY2019 the Department anticipates additional expenditures related to the "Automated Services Plan" management information system. State staff, providers, and consumers will have access to the system and a public web resource center. The Department will plan and configure substantial, necessary software changes to this system for new assessments, additional programmatic elements, and interfaces with other department data management systems. Additional user accounts and licenses, and training and support for all users, will need to be developed and supported. The estimated costs for case management system development = \$ 550.0, eligible for enhanced federal funding at a 90 percent federal match, and spread in equal thirds over FY2017-2019.

Both the increased assessments at \$346.9, and case management system development at \$550.0, will be services line item expenditures. These costs will be realized in the development years, while the savings will continue and grow as overall expenditures grow.

To plan, develop, and manage the new program, beginning in FY2017 Senior and Disabilities Services will require three additional full-time staff: one staff person beginning in August 2016 (FY2017), and two more staff beginning in FY2018. These will be Health Program Manager II positions, located in Anchorage, in the GG unit, each = \$106.1; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. FY2017 personal services costs are prorated to reflect the August 1, 2016 start date.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of this regulation change is July 2017.